LEGAL AID ONTARIO
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2014/15–2016/17
Public Business Plan
Legal Aid Ontario

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Mandate

Legal Aid Ontario (LAO) was established as a corporation independent from but accountable to the Government of Ontario under *The Legal Aid Services Act, 1998 (LASA)*. Under *LASA*, LAO's mandate is to provide consistently high-quality legal aid services in a cost-effective and efficient manner to eligible clients. LAO encourages and facilitates flexibility and innovation in the provision of its services, while recognizing that the private bar and clinics are the foundation for providing services in criminal, family, immigration, refugee and poverty law.

LAO is committed to providing services which recognize the importance of diversity, access, equity, creativity and quality.

Governance

LAO's governance structure, as outlined in *Legal Aid Services Act*, identifies LAO's:

- accountability relationship with the province of Ontario
- board terms and composition
- areas of law where legal aid services are to be provided
- methods of providing legal aid
- eligibility
- corporate powers
- finances and administration.

In addition, a Memorandum of Understanding (MOU) between the attorney general and the chair of LAO governs LAO's administration.

LAO and the Ministry of the Attorney General (MAG) have been working together on the provisions for a new MOU. Its purpose will be to:

- confirm the accountability relationships between the minister and LAO through the LAO chair
- clarify the roles and responsibilities of the minister, the chair, the deputy minister, the president and the board
- establish the expectations for the operational, administrative, financial, auditing and reporting arrangements between LAO and MAG
- establish the mutual expectations of information exchanges and
- comply with the requirement that an MOU be established under Section 71 of the act and the "Agency Establishment and Accountability Directive."

Our values

Integrity

We act with integrity and we assume that others do so as well.

Respect

We practice respect in all relationships.

Responsiveness

We are responsive to clients, stakeholders and staff. We treat people in an equitable way, recognizing their needs.

Excellence

We strive for excellence and continuous quality improvement. We aim to attract and retain the best employees.

Independence

We are an independent part of the justice system.

Accountability

We are accountable to the government, clients, stakeholders and staff.

Openness

We are open and consultative in decision-making.

Consistency

We are consistent in our processes and decision-making. We create unity across the organization. We make decisions on the basis of facts and sound principles.

LAO's strategic priorities

The 2014/15 – 2017/18 business plan continues to build on LAO's four strategic objectives:

- value for clients
- value for taxpayers
- service provider support
- institutional enhancements

At the same time, LAO is proactively addressing the many challenges and opportunities it faces by:

- reviewing, modernizing and upgrading all aspects of its service and delivery model
- improving its administration
- developing its relationships with funders, clients and service providers
- addressing significant upcoming funding pressures.

To date, LAO has primarily focused on its service delivery model for criminal, family and refugee services. While that work will continue, LAO is also reviewing the delivery of poverty law services through its 77 community legal clinics. Transformation of the clinic law service delivery system in Ontario will be a key priority in 2014/15. LAO will partner with its clinics to develop new models for poverty law service delivery that take into account changing client needs, expanding access to services, improving the cost-effectiveness of services as well as the management and accountability of community clinics.

In addition, in order to meet its objectives, LAO believes that it must provide a means to address the current financial eligibility threshold. LAO's financial eligibility guidelines were last adjusted 16 years ago. Research shows that, as a result, approximately one million fewer Ontarians were eligible for certificate services in 2011 than in 1996. This has affected LAO's clients and negatively impacts the entire justice system, as more individuals choose to represent themselves in legal matters.

LAO will identify financial eligibility options that focus on opportunities to improve outcomes and achieve justice system efficiencies for unrepresented litigants currently above LAO's financial eligibility guidelines. LAO will consider eligibility threshold options in the context of the current fiscal climate and the responsibility of the province in determining eligibility. The resources required to implement these options over the next five years have been identified, and LAO will be seeking these resources as part of the business planning approval process.

LAO will also manage a number of key financial risks over the next five years. These risks include:

- a decrease in transfer payment funding from the provincial government of $2 million in 2103/14 and $3 million in 2014/15

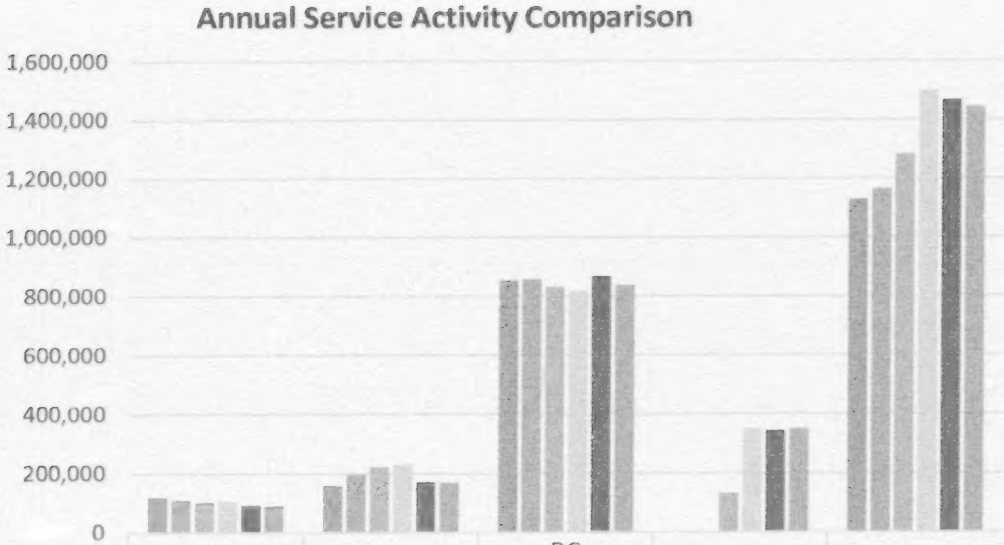
- continuing low interest rates, which affect LAO revenue from the Law Foundation of Ontario
- increasing unfunded costs related to the tariff agreement between the province/LAO and the Criminal Lawyers' Association
- resources to support the Aboriginal Justice Strategy and
- delays in implementation of the Clinic Modernization Strategy.

LAO has already achieved a number of significant successes. To date, LAO has changed the service delivery model to provide a client-focused service that delivers the right services at the right time based on the individual client's needs, by:

- providing clients with new, less costly service channel alternatives to certificates where appropriate. LAO anticipates it will issue approximately 85,000 certificates in 2013/14 – down from 105,000 in 2011/12.
- establishing a client call centre with a toll-free number, and access to services in more than 200 languages though third-party interpreters; the call centre currently manages over 1,300 calls a day (300,000 annually) and issues 40 to 50 per cent of LAO's legal aid certificates.
- expanding the availability of summary legal advice through the call centre and duty counsel, which helps resolve issues earlier and has had an impact on the number of certificates issued in family and refugee matters.
- implementing a block fee system, which supports the Ministry of the Attorney General's Justice on Target goal of decreasing time to resolution; LAO now issues block fee certificates in over 80 per cent of all criminal matters.
- enhancing duty counsel services; this has led to a 13 per cent increase in resolution services provided by duty counsel.
- enhancing family law services through the family law centres.

LAO has also improved its financial position by managing its deficit from a high of $27.6 million in 2009/10 to a $9.5 million surplus in 2012/13 and a projected surplus of $10.3 million that enabled LAO to eliminate its accumulated deficit this fiscal year from a high of $18.5 million in March 31, 2012.

Over the past five years, LAO has been able to increase the total number of services provided to low-income Ontarians, as demonstrated in the chart below.



	Certificates	Clinics (exclude SLASS)	DC (Inc. Lawline, CourtWorkers &FLSC's)	CSC	Total
Mar 2009	117,169	156,412	854,146	0	1,127,727
Mar 2010	109,310	195,907	857,728	0	1,162,945
Mar 2011	100,387	220,400	830,516	130,275	1,281,578
Mar 2012	105,547	228,227	815,092	349,640	1,498,506
Mar 2013	90,369	167,667	865,465	341,948	1,465,449
Mar 2014 (Est.)	89,081	168,000	835,602	350,000	1,442,683

LAO will continue to offer flexibility in its services by implementing a continuum of service delivery model that tailors services to better meet individual clients' needs and increases the number of LAO staff providing direct service to clients. This model improves access to justice by offering more services for less cost.

In addition, consistent with the Auditor General's report of 2012, LAO is developing and publicly reporting performance measurements, to track whether programs are meeting their objectives and to ensure that they undergo review as required.

LAO is committed to ensuring that its workplace and client services respond to the diverse needs of Ontario's population and promote diversity, inclusion and accessibility.

LAO's strategic priorities for 2014/15

The focus of the 2014/15 business plan is to identify and begin to address, through significant investment, important service delivery gaps we have identified through more effective analysis of demographic and court data as well as data that LAO collects to support client service

delivery. These include service gaps related to financial eligibility, the overrepresentation of Aboriginal people in the justice system, and clients with mental health issues.

To support implementation of this new direction, LAO will develop a multi-dimensional public and stakeholder outreach strategy that informs and engages others in contributing to and understanding LAO's strategic priorities and direction.

As part of the first stage of this process, LAO will communicate effectively with its staff so that they understand the reasons for LAO's focus and how their department and position fit within LAO's future plans.

In addition, LAO will support these strategic initiatives by developing new networks and informing traditional and new stakeholders of LAO's programs, benefits, successes and future direction.

LAO's priorities for 2014/15:

- **continuity** of legal aid services for LAO clients
- a reinvigorated **Lawyer Workforce Strategy** that makes LAO an employer of choice for new and seasoned lawyers
- the continued implementation of LAO's **Aboriginal Justice Strategy**
- the development of **financial eligibility options** that focus on opportunities to improve outcomes and justice system efficiencies for unrepresented litigants currently above LAO's financial eligibility guidelines
- a reformed **refugee service delivery model** that will reflect the new federal legislation and that will triage clients to the most appropriate level of service, including the greater use of paralegals and expanded coverage by LAO's Refugee Law Office
- an effective **Mental Health Strategy** that addresses the needs of our most vulnerable clients
- effective and innovative delivery of **poverty law services** to optimize client service through a modernized structure, greater use of technology and lower administrative costs
- a modernized service delivery model for **criminal law services**
- an additional $7 million provincial investment in **family law services**
- enhanced use of **duty counsel** to provide resolution and summary legal advice services to reduce adjournments and reliance on certificates
- improved oversight and supports for service providers through greater **panel management**, including implementation of a clear **discretion policy**, strengthened **panel standards**, evaluation of **block fees** and **portal enhancements**
- leadership in the use of **paralegals** to provide high-quality legal aid services

- amendments to the **regulations** under *LASA* to enable LAO's efforts to support its mandate
- leading edge **corporate supports** in the areas of IT, HR, Finance that ensure successful implementation of LAO's strategic business plan.

Proposed budget

Financial budget over three-year planning period

In response to the global economic crisis, the Bank of Canada dropped its rates from 4.25 per cent in early 2008 to 0.25 per cent in early 2009. As a result, LAO experienced a $50 million loss of Law Foundation of Ontario revenues (from $56 million to $5 million).

The loss of revenue from the Law Foundation of Ontario and resultant revenue pressure required LAO to speed up its modernization strategy, and implement a series of initiatives to ensure adequate funding. LAO formalized these initiatives in a financial framework that focuses on the following objectives:

- ensuring stable, adequate and predictable revenue sources
- balancing annual operating budgets
- eliminating LAO's accumulated deficit
- ensuring LAO's cash position is sufficient to cover current liabilities
- sustaining an appropriate contingency reserve fund balance

To ensure stable, adequate and predictable revenue sources, LAO's Board approved a policy to:

- reduce reliance on the revenues from the Law Foundation of Ontario for ongoing programs due to their volatility;
- anticipate that LAO will earn more revenues from the Law Foundation of Ontario than budgeted for ongoing programs
- use the excess for one-time purposes, such as eliminating the debt, renewing infrastructure, providing one-time project funding, bridge financing to solve revenue or expenditure reduction gaps, and/or transition costs.

LAO proposes to use the excess of Law Foundation of Ontario revenues in 2014/15 — estimated to be $4.5 million — to:

- eliminate LAO's $9.4 million corporate debt over four years
- spend about $1 million to fund capital initiatives to renew LAO's IT infrastructure
- reserve $1 million as a contingency

Maintaining a healthy cash position is imperative to cover LAO liabilities as they come due. Balancing future annual operating budgets is vital to this objective.

Finally, sustaining an appropriate contingency reserve fund balance, which was depleted to fund the cost of tariff increases, remains an important corporate objective. Once LAO has eliminated its corporate debt, it plans to use any excess of revenue from the Law Foundation of Ontario to build its contingency reserve fund.

Financial forecast for 2013/14 and financial estimates for 2014/15,

Sources of revenue

LAO is highly dependent on two major sources of funding: transfer payments from the province and revenues generated from the Law Foundation of Ontario. These are both directly affected by conditions underlying the provincial economy and, to some extent, global circumstances.

Provincial transfer payments – base funding

The province of Ontario is forecasting that its 2013/14 deficit will be approximately $11.7 billion, and that its total debt is expected to reach $290.8 billion as of March 31, 2014. In order to eliminate its annual deficit by fiscal 2017/18, the province has made a commitment to reduce spending.

New 2013 budget frontline funding 2013/14 to 2015/16

The Ontario government's 2013 budget, delivered in May 2013, included new funding of $30 million for frontline services, to be deployed over four years. LAO plans to use this funding to improve the delivery of client services through family law service centres and community and legal clinics across the province. LAO and MAG have agreed that for 2013/14, the allocation of the $10 million will be:

- $7 million to strengthen the capacity of LAO's family law service centres
- $2 million to strengthen the capacity of community and legal clinics, and
- $1 million to create a clinic transformation fund.

The principles document for these expenditures was finalized in August 2013, and the funding began to be deployed relatively late in 2013/14, i.e., in September 2013. Given this late start, LAO expects to defer some of the 2013/14 funding to 2014/15, and to continue deploying funds through to fiscal year 2016/17.

Client contributions

LAO forecasts that client contribution revenues will be approximately $5 million lower. This is due in part to the significant decrease in the number of contribution agreements with clients after LAO introduced its Simplified Financial Eligibility Test (SFET).

Implementation of LAO's SFET is neutral to LAO because the reduction in revenues is offset by reductions in the number of certificates issued, thereby reducing the cost of the certificate program, and reducing the number of write-offs.

LAO has indeed seen a reduction in the cost of the certificate program partly because of the implementation of SFET, but the reduction in certificate program and write-off cost hasn't been concurrent with the reduction in the contribution revenues.

Program costs and expenditures

Major program cost assumptions

LAO will:

- absorb any amounts necessary to balance its budget
- issue the same number of certificates in 2014/15 as it did in 2013/14 (85,000)
- continue implementation of the continuum of service (i.e. more service delivery options to reduce the reliance on certificates)
- spend new funding for frontline services over four fiscal years, starting in 2013/14
- continue to see a significant effect on certificate issuance in the refugee category due to the changes in refugee legislation

Draft	2013-14 FORECAST (At Dec. 2013)	2014-15 DRAFT BUDGET
Revenue		
Total Government Funding	$ 350,049,100	$ 356,793,358
Client Contributions	$ 11,000,000	$ 10,700,000
Client and Other recoveries	$ 1,100,000	$ 700,000
Investment income	$ 440,000	$ 250,000
Miscellaneous Income	$ 555,000	$ 500,000
Law Foundation	$ 16,000,000	$ 16,000,000
Law Foundation - Additional Revenue	$ 4,500,000	$ 4,500,000
CIMS	$ 50,000	$ 1,000,000
Total Revenue	**$ 383,694,100**	**$ 390,443,358**
CLIENT PROGRAMS		
Certificate Program	$ 185,079,000	$ 187,410,352
Clinic Program	$ 75,670,000	$ 77,182,899
Duty Counsel Program	$ 46,375,000	$ 49,339,922
Service Innovation Projects	$ 461,000	$ 1,213,355
Program support	$ 22,556,000	$ 23,904,555
TOTAL CLIENT PROGRAMS	**$ 330,141,000**	**$ 339,051,083**
Service Provider Support	$ 5,171,000	$ 5,450,871
Administration	$ 31,397,000	$ 34,232,227
Other expenditures	$ 6,674,000	$ 17,685,294
TOTAL EXPENDITURES	**$ 373,383,000**	**$ 396,419,475**
Annual operations (deficit) / surplus	**$ 10,311,100**	**-$ 5,976,115**

Draft	2013-14 FORECAST (At Dec. 2013)	2014-15 DRAFT BUDGET
Approved pressures - will be allocated to department	$ -	-$ 2,025,885
Annual operations (deficit) / surplus	$ 10,311,100	- $ 8,002,000

LAO will review expenditure levels and achieve a balanced budget through in-year cost savings.

Future financial challenges facing LAO 2014/15 through 2017/18

1. The cost of the tariff increases agreed to through the 2010 MAG/CLA/LAO Memorandum of Understanding exceeds the funding provided to LAO through the $150 million new investment. This excess has resulted in a base funding shortfall of $2.2 million in 2014/15, which will have grown to $19 million by 2017/18.
2. LAO continues to work with community legal clinics to implement strategies to reduce administrative costs. With plans to save $5.5 million, the focus for 2014/15 is on back office consolidations; this shortfall limits LAO's ability to balance its operating budget.

Other financial risks

1. According to initial research, approximately one million fewer Ontarians are eligible for legal aid services now than in 1996, resulting in more unrepresented people in courts and tribunals. The Auditor General noted in his 2011 report that LAO's eligibility threshold for a fully paid certificate for a single person is the most restrictive in Canada.

LAO's Service Levels: Certificates

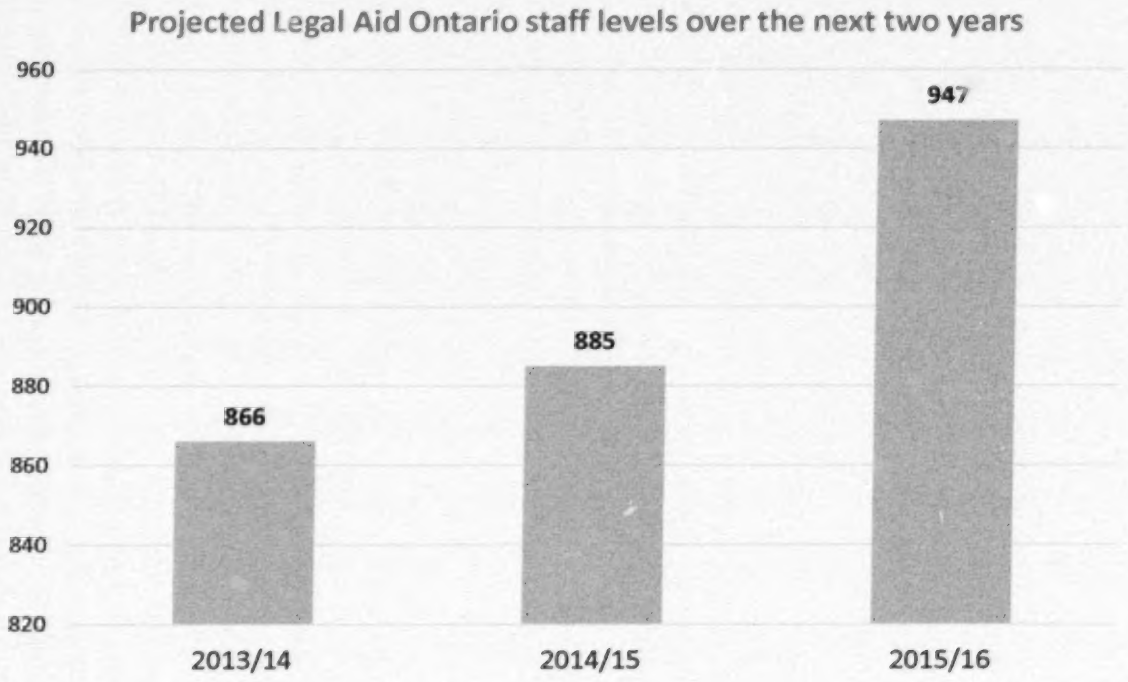
Fiscal Year	Criminal	Family	Refugee & Immigration	Other Civil	Total
2012/13 actual demand	58,685	18,923	8,430	4,331	90,369
2013/14 forecasted actual demand	56,190	19,780	5,000	4,400	85,370
2014/15 estimated demand	56,190	19,780	5,000	4,400	85,370

Staff numbers

Compensation group percentages, based on a headcount of 866 active, full-time, part-time and long- term contract staff are as follows:

- bargaining: **19 per cent** (162/866)
- lawyers: **32 per cent** (273/866)
- management: **14 per cent** (124/866)
- non-union, non-management: **35 per cent** (307/866)

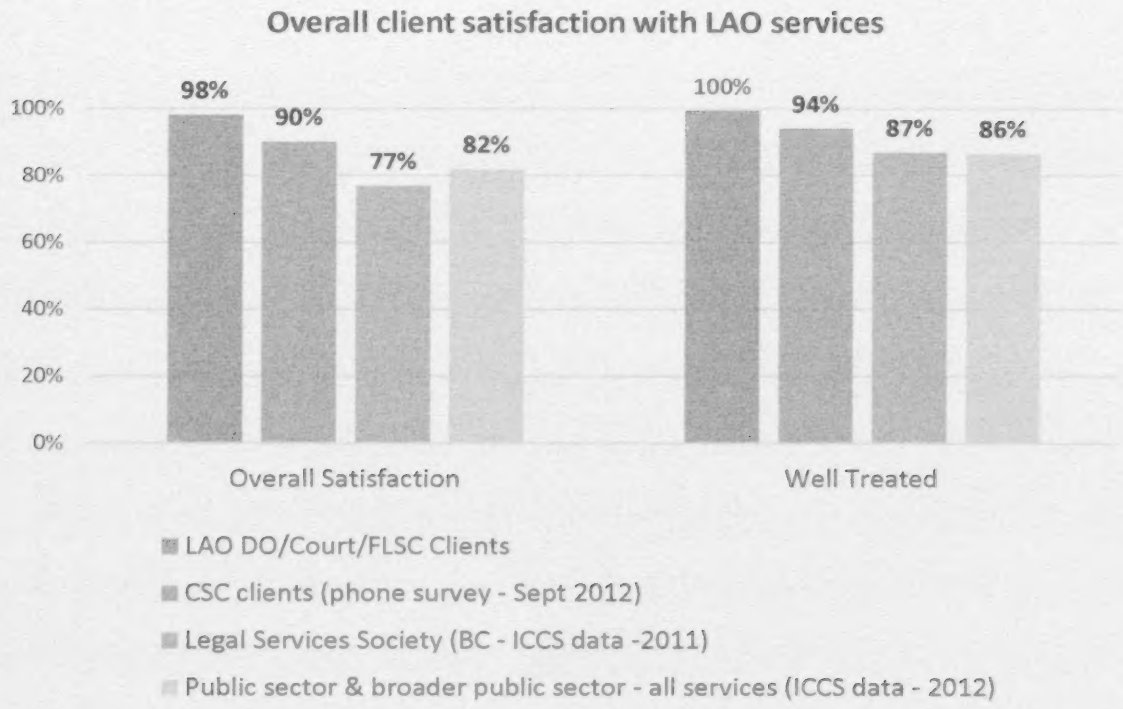
LAO's staff will increase over the course of the next two years as LAO continues to implement its service delivery model. LAO will find the resources to support additional positions from within its current allocation. The chart below outlines staff projected staff strength levels over the next two years.



Performance measures: outcomes for clients

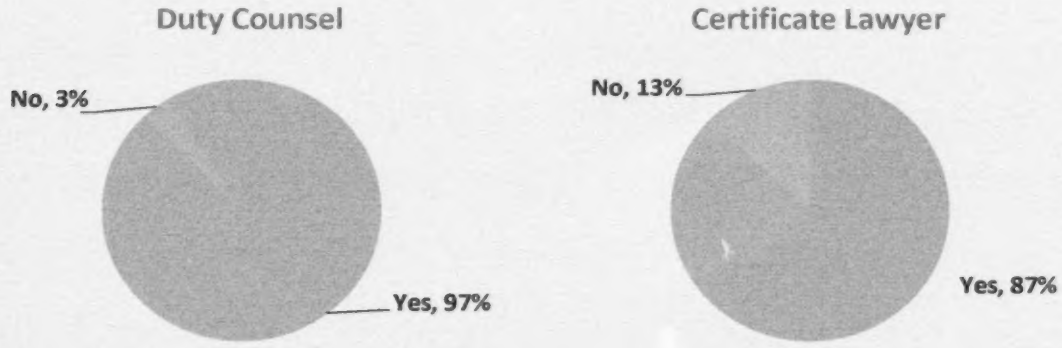
LAO's current performance measures include tracking client satisfaction through the Common Measurement Tool and benchmarking LAO results against other public sector service providers. LAO continues to refine and develop base numbers for its performance measures and will add

additional measures over the course of the next several years.



Services provided by duty counsel and certificate lawyers

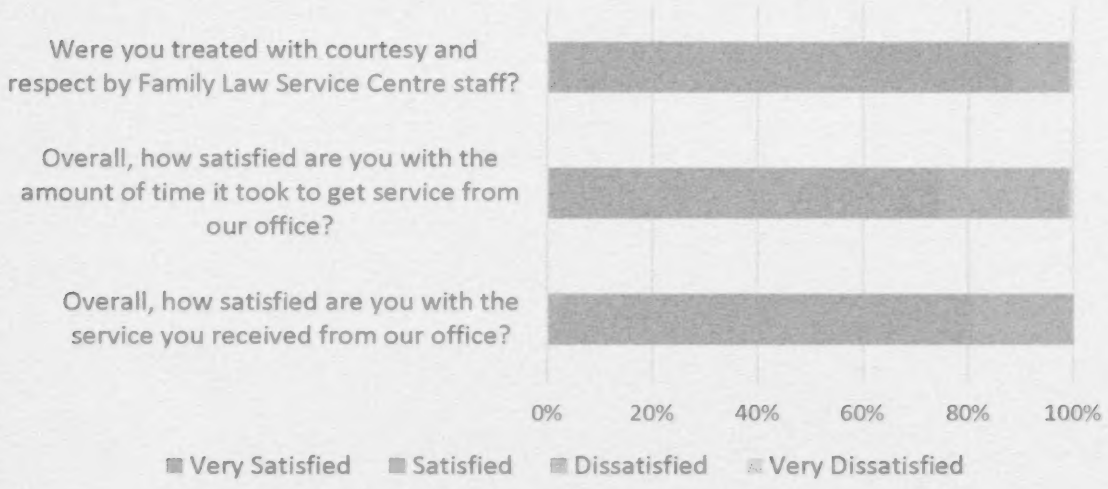
Were clients well-served by duty counsel and certificate lawyers?



Clients continue to indicate their high satisfaction with both duty counsel (97 per cent) and private bar certificate lawyers (87 per cent). Both of these measures have been consistently high since LAO started tracking these measures.

Satisfaction indicators at family law service centres

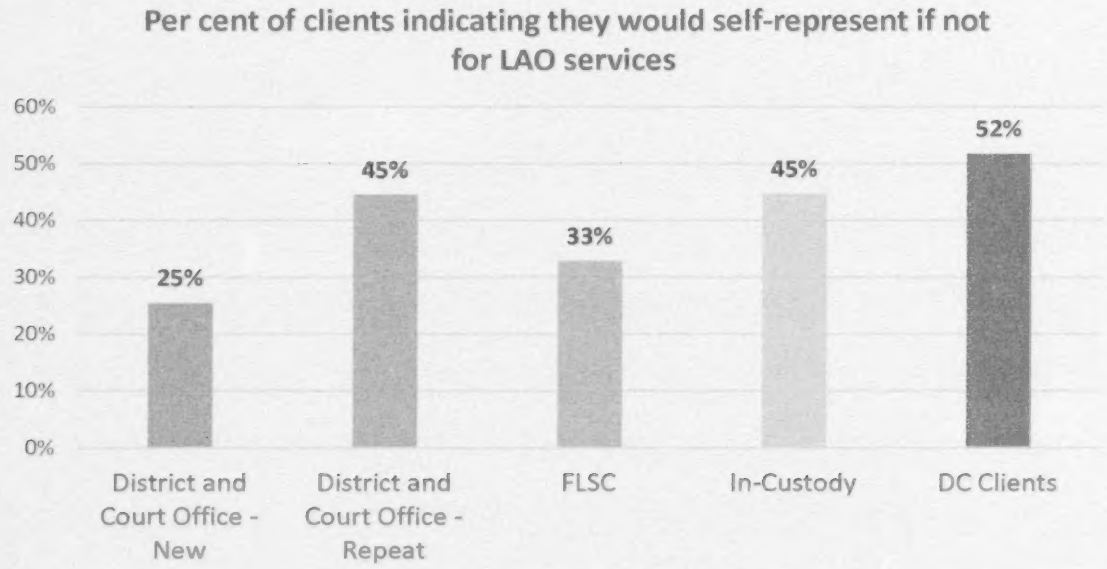
LAO continues to develop performance measures that track new service delivery methods such as the new family law service centres. The results below demonstrate the positive response that clients have had to these alternative methods of service provision.


Were you treated with courtesy and respect by Family Law Service Centre staff?
Overall, how satisfied are you with the amount of time it took to get service from our office?
Overall, how satisfied are you with the service you received from our office?
0%
20%
40%
60%
80%
100%
Very Satisfied
Satisfied
Dissatisfied
Very Dissatisfied

As LAO implements the Clinic Management Information System, LAO will also include performance measures that demonstrate the value for money that is received from clinic law services.

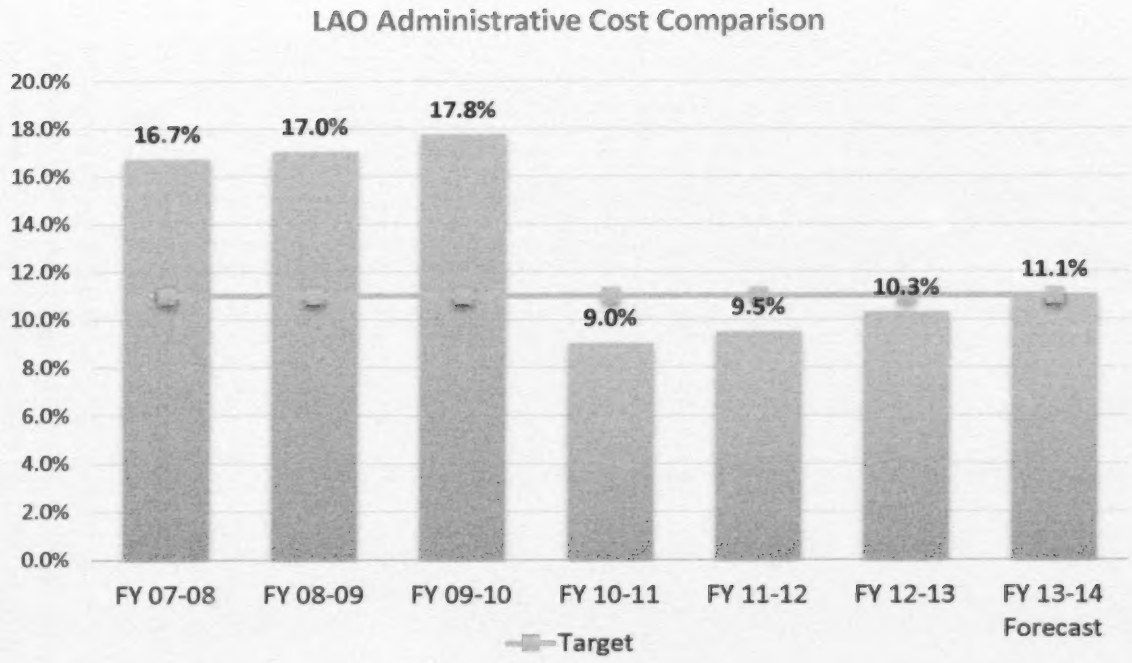
LAO and Access to Justice

LAO also tracks the impact of not providing legal aid services on the justice system, if LAO services were not available to LAO clients. This is an important measure and illustrates the importance of legal aid to access to justice for LAO clients.



Performance measures: Value for Taxpayers

Included are value for taxpayer performance measures: cost per assist and administration as a % of total operating expenditures.


LAO Administrative Cost Comparison
20.0%
18.0%
16.0%
14.0%
12.0%
10.0%
8.0%
6.0%
4.0%
2.0%
0.0%
16.7%
17.0%
17.8%
9.0%
9.5%
10.3%
11.1%
FY 07-08
FY 08-09
FY 09-10
FY 10-11
FY 11-12
FY 12-13
FY 13-14 Forecast
Target